Exam
International Labor Markets (Winter 2023/24)
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Choose **either** question Q.1 **or** question Q.2.

Q.1 Interpret Table 2 and put it into broader perspective.

Table 2. Regressions to explain unemployment rates[a]

	Unemployment rate	Female unemployment rate	Youth unemployment rate	Unemployment rate among low-skilled workers
	(1)	(2)	(3)	(4)
Industrial relations quality	−2.00**	−3.14***	−5.89***	−2.92**
	(−2.06)	(−4.76)	(−4.50)	(−2.23)
Collective bargaining coverage	−0.01	−0.03**	−0.03	−0.04
	(−0.46)	(−2.23)	(−1.03)	(−1.41)
Wage bargaining at industry level	−1.80**	0.39	−5.07***	3.86***
	(−2.18)	(0.62)	(−4.98)	(2.78)
Wage bargaining coordination	−1.45**	−1.70***	−3.01***	−0.24
	(−2.39)	(−3.41)	(−3.69)	(−0.20)
Tax wedge	0.19***	0.22***	0.45***	0.19***
	(6.04)	(7.39)	(7.62)	(3.60)
Employment protection legislation	−0.42	1.20***	1.10*	−1.90***
	(−1.46)	(3.56)	(1.74)	(−3.51)
Unemployment benefits replacement rates	0.07***	0.06***	0.07*	0.09**
	(3.58)	(3.03)	(1.70)	(2.44)
Active labour market policies	−0.17***	−0.28***	−0.35***	−0.13*
	(−7.85)	(−8.58)	(−5.67)	(−1.68)
Output gap	−0.41***	−0.20***	−0.75***	−0.45***
	(−9.38)	(−3.32)	(−8.43)	(−3.27)
Income per capita	0.01	−0.01	0.13**	−0.30***
	(0.52)	(−0.18)	(2.56)	(−3.45)
Number of observations	292	301	299	153
R^2	0.57	0.65	0.65	0.60
Standard error of regression	1.24	2.32	3.25	1.50
F-statistic	63.26***	43.70***	51.06***	27.88***
Hausman test	1.54	1.87	0.15	n.a.[b]

Notes: [a] Two-stage generalized least squares estimates with country-specific random effects (Swamy–Arora method). The estimation sample consists of 19 industrial countries. Industrial relations quality is instrumented with log severity rate of strikes and lockouts in the 1970s. Except for the instrumental variable, most data are for the years 1985–87, 1989–95, and 1997–2002. An exception is regression (4), which is based on data for the years 1991–95 and 1997–2002. Heteroskedasticity-consistent t-statistics in parentheses (White method). *** (**/*) denotes statistically significant at the 1 per cent (5 per cent/10 per cent) level. All regressions also contain a constant term. See Appendix A for variable descriptions and sources. See Appendix B for a list of countries.
[b] The variance matrix of the difference between the random and fixed effects estimates is not positive definite so that the test statistic cannot be computed.

Q.2 Interpret Table 5 and put it into broader perspective.

Table 5
Heterogeneous effects of September 11th on the earnings of Muslims, 1998–2004.

	(1) Low-skilled employees	(2) Skilled employees	(3) Low-skilled employees			(4) Skilled employees		
			(3a) Small- and medium-sized firms	(3b) Large firms	(3c) Very large firms	(4a) Small- and medium-sized firms	(4b) Large firms	(4c) Very large firms
Muslim × After 2001	−0.057 (0.016)**	−0.017 (0.036)	−0.102 (0.028)**	−0.017 (0.028)	−0.006 (0.069)	−0.027 (0.061)	−0.092 (0.067)	−0.002 (0.081)
R^2	0.39	0.41	0.35	0.39	0.49	0.33	0.51	0.54
N	1130	1159	473	453	204	565	301	293

The coefficient on Muslim × After 2001 is the difference-in-differences effect of September 11th on the relative earnings of Muslims. Note that the explanatory variables described in Section 3.2 are included but are suppressed to save space. Robust standard errors, clustered by federal state and treatment group, are in parentheses.
** Statistically significant at the 0.01 level.